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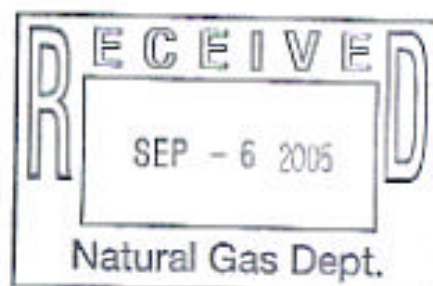
September 2, 2005

Nebraska Public Service Commission  
300 The Atrium  
1200 N. Street  
Lincoln, NE 68508

ATTN: Laura Demman  
Director and Legal Counsel  
Natural Gas Department

Via Fax 402-471-0254

RE: Commissions Order No. NG-0030/PI-98



Dear Laura:

We are requesting that the NPSC make the "grandfathered waiver" status that is now in place until 2007 permanent for our account.

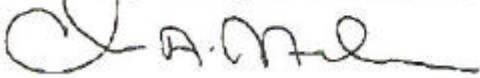
The immediate and strong effect of surcharges of approximately \$7,975.00 will definitely cause changes to be made in our budget for 2005-2006, eliminating expenditures which will affect our business, specifically our employees.

We are realizing numerous advantages by being able to purchase our natural gas on a monthly basis and being able to control our price by fixing it whenever we see a price that we find attractive. This is as opposed to only being able to price our gas during a 2 week period in April as a Type 1 customer in the Kinder Morgan Choice Program.

We have telemetering equipment currently in place that has been adequate for 3 years and it is the same equipment that is installed on qualifying Type 2 accounts. Why shouldn't it continue to be adequate for our account?

Kinder Morgan makes the point that they need to hold firm capacity to ensure that we receive firm gas on the coldest day of the year. Our supplier holds that same firm transport on the K M mainline and we are guaranteed firm deliveries of our gas so it is actually imprudent of Kinder Morgan to hold duplicate firm transport capacity. We would offer to accept assignment of the firm transport they hold for our account and we in turn will have our supplier manage that transport for us. (This is what Kinder Morgan had offered to do in their original settlement proposal in this matter in a letter dated 2-15-05.)

Thank you for your consideration in this matter.

A handwritten signature in black ink, appearing to read "C. A. Melson", with a long horizontal flourish extending to the right.

Chris A. Melson  
Panhandle Feeders, Inc.